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ABSTRACT

Many factors contribute to the recent emphasis on the costs of immigration. The number of immigrants has increased rapidly over the last decade and the composition of immigrants has changed. There has been a decline in the level of education of immigrants relative to that of the native population, and the mix of country of origin has become more diversified. There has also been an increasing concentration of immigrants in a few states and within those states, in a few large metropolitan areas. In addition to these changes, the economic and social environment of the country as a whole and that of California, in particular, have changed. Employment growth has slowed, costs of health services and schooling have increased, and income and wage disparities have grown. Such domestic problems lead to pressures to limit immigration. Immigration must be managed through frequent adaptations to changing circumstances, both international and domestic. Stopping immigration tomorrow would have only a minor impact on education in the short run because the children who are going to require an increase in California public school capacity and funding by 10 to 15 percent over the next 5 years are already born and residing in the state. Legislators should scrutinize "facts" about immigration carefully because we do not know enough about the effects of the most recent wave of immigrants. (KS)

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STATEMENT OF GEORGES VERNEZ BEFORE THE
SELECT COMMITTEE ON STATEWIDE IMMIGRATION IMPACT,
CALIFORNIA STATE ASSEMBLY

Georges Vernez

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STATEMENT OF

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before the

Select Committee on Statewide Immigration Impact
California State Assembly

September 22, 1993

The views and recommendations presented in the testimony are solely those of the author and do not necessarily represent those of RAND or any of its research sponsors.

Madam Chairman and members of the Select Committee, thank you for the opportunity to testify on the employment and economic effects of immigration on California.

I have brought with me three recent reports of studies that are pertinent to the topic of the hearing. The first focuses on the many changes in federal immigration policies implemented in the 1980s and their consequences on flows and composition of immigrants. It also identifies the range of policy questions they raise for the 1990s. The second report assesses the growing importance of Mexican labor to California's labor market and its economy more generally. The last study focuses on the local effects of immigration and the fiscal capacity of local areas and of individual communities to integrate successive waves of immigrants[1]. I will not take the few minutes I have to review them now, but will leave them behind for the record.

Instead, I would like to take my time to place the current debate on immigration in some context. Too often, in the heat of a seeming crisis, we forget to remind ourselves how we got there and have a tendency to shed away the long-term view for the immediate. I will make four points.

The first is that the emphasis given today to the costs of immigration, particularly undocumented immigration, is a recent phenomenon. Until a year or two ago and several decades before that, immigration in this state was generally perceived as a net benefit, if not a bonanza. Study after study stressed the net increase in aggregate income for the nation and California as a whole brought about by immigration and generally found little negative effects on wages or employment opportunities for native born, particularly in the long-run,

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[1] *Immigration Policies: Legacy from the 1980s and Issues for the 1990s*, Rolph, Elizabeth S., RAND, R-4184-FF, 1992
Mexican Labor in California's Economy, Vernez, Georges, in Abraham F. Lowenthal & Katrina Burgess, eds., The California-Mexico Connection, Stanford Press (forthcoming)
Needed: A Federal Role in Helping Communities Cope with Immigration, Vernez, Georges, RAND, RP-177, 1993

if not always in the short run. And, we have been willing and fiscally able to provide the public services they required.

So what has changed? Plenty:

The number of immigrants have increased rapidly over the last decade and the composition also has changed. More immigrants have entered California over the last decade than over the five decades before that. Fifty percent of the foreign born residing now in California have located here since 1980. They contributed 54 percent of the state's population growth form 1980 to 1990. Today more than one in four residents of California is foreign born compared to one in six only a decade ago[2].

In addition to increasing numbers, the composition of immigrants has changed with the most important of these changes being a decline in the level of education of immigrants *relative to that of the native population*. It is significant because low levels of education command low wages. Also the mix of country of origin has shifted (asians and central americans constitute a growing proportion of new arrivals) and has become more diversified.

Another important change, however slow, has been the increasing concentration of immigrants in a few states of the nation and within those states in a few large metropolitan areas. One in every three new immigrants to the United States now settles in California. Of these, three immigrants in five choose to live in the Los Angeles metropolitan area. In Los Angeles county, one third of its population is now foreign born and in the city of Los Angeles, this proportion is even higher: 40 percent.

As significant as these changes have been, the most critical ones have been those that have occurred in the social and economic

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[2] In spite of this, the rate of growth of California's population is at its lowest since the beginning of the century, except for the 1970-80 period.

environment of the country as a whole and that of California, in particular; the receiving environment if you will. Among the most significant of those changes are the following:

- Political and economic changes worldwide have spurred economic restructuring, slowing employment growth throughout the United States, especially in California.

- All levels of government appear unable and/or unwilling to continue covering the increasing costs of key health services, effective schooling, and post-secondary education not only to immigrants but to the population at large.

- Government at all levels has reached gridlock. Governance issues are a particular problem for schools, community colleges, and city and county governments--historically key institutions for integrating immigrants and their children into the larger society.

- Income and wage disparities in the country have grown, highlighting the slower pace of minority educational and economic progress.

In reality then, it is not that the benefits of immigration have all of a sudden disappeared (they are by in large still here). It is that concurrent changes in a number of critical factors make us suddenly aware of the costs of immigration which under current social and economic circumstances are now perceived as being greater than the benefits.

A second point is that California is not unique in finding itself in this predicament, although it may be experiencing those effects at a higher level of magnitude for the reasons outlined earlier. Other states and metropolitan areas in the country are facing similar woes including: Florida and Miami; New York and New York City; Illinois and Chicago; and Texas and Dallas and Houston. And, so do most

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industrialized nations (Japan is an exception) including: England, France, Germany, Australia, Canada, and even Greece and Italy.

Hence, what we are experiencing here is part of a global phenomenon. On the one hand, lagging economic growth, high fertility rates, unrest and violence, and eased and cheap transportation contribute to increasing emigration pressures from Third World countries. On the other hand, the global economic recession in the United States and in Europe is creating the same kind of domestic problems across all industrialized nations, and hence, pressures to limit immigration.

My third point derives from the first two. Immigration is not an issue that can be resolved once and for all as we have hoped for in the past by overhauling our immigration laws every 20 years or so. It is an issue that has to be *managed* just as we manage foreign policy through frequent adaptations to changing circumstances, both international and domestic.

Doing so, would begin by recognizing that immigration is not a "all or nothing" proposition and that indeed the balance of costs and benefits we derive from it will vary over time depending on numbers, composition, location within the country, and especially on aggregate economic and employment conditions. It would also begin by paying attention to the long-term as well as short-term distribution of costs and benefits of immigration. To illustrate this latter point, consider what would happen to the state fiscal woes if the entry of new immigrants was stopped tomorrow. In the short run, it would have only a minor impact on the largest component of the state budget - education, and hence, on the states immediate fiscal health. The reason is simple, the children that are going to require the state to increase its public school capacity and funding by 10 to 15 percent over the next five years are already born and residing in the state.

My last point is a word of caution. You will need to scrutinize carefully the "facts" about the effects of immigration and about

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immigrants that you are going to hear today and throughout the state during these hearings. And, that includes those presented by the so-called experts. The reasons for this are many. But, in a nutshell, we simply do not know enough about the effects of the more recent wave of immigrants. Most of the studies we continue to rely on, used 1980 data on immigrants who entered the country under different economic and social conditions. Thus they have examined a somewhat different phenomenon than the present one. And, we do not even have accurate ongoing data on the most basic item, i.e. the number of immigrants, legal and undocumented as well as refugees who settle in California every year. Beyond that, we lack systemic information about the pattern of public services used by different groups of immigrants; the effects of public service use on the nature and speed of immigrants' linguistic, economic, and social integration and that of their children; and the budgetary, institutional, and community relations effects of sustained cumulative waves of immigrants on local jurisdictions.

So, we are left to making guesstimates to inform such key issues as the net effects of immigration on state, county, and local demand for services and for tax revenues, which does not constitute a good basis for guiding policies. We have explored this problem and what could (should) be done about it in a recent report titled "Immigration: Getting the Facts" which I also will leave behind for the record[3].

Thank you.

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[3] *Immigration: Getting the Facts*, Valdez, R. Burciaga, Julie DaVanzo, Georges Vernez, Mitchell Wade, RAND, IP-123, June, 1993

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